

## Message Text

LIMITED OFFICIAL USE

PAGE 01 LONDON 00313 091458Z

43

ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 AGR-05 CIAE-00 COME-00 INR-07

LAB-04 NSAE-00 RSC-01 SP-02 STR-01 TRSE-00 CIEP-01

FRB-01 OMB-01 NEA-09 ARA-06 EA-06 IO-10 L-02 /076 W

----- 105797

R 091436Z JAN 75

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 7106

LIMITED OFFICIAL USE LONDON 00313

E.O. 11652: N/A

TAGS: OCON, ICO

SUBJ: COFFEE: CONSUMER CAUCUS JANUARY 8

REF: LONDON 235

1. CONSUMERS CAUCUSED AGAIN MORNING OF JANUARY 8 TO EXCHANGE VIEWS ON INDIVIDUAL COUNTRY ATTITUDES TOWARD A NEW INTERNATIONAL COFFEE AGREEMENT (ICA).

2. FRG LED OFF DISCUSSION BY ENDORSING "U.S. PROPOSAL FOR A STANDBY AGREEMENT" WHICH HAD BEEN MADE IN 1972 WHEN ECONOMIC PROVISIONS OF 1968 AGREEMENT WERE SUSPENDED. IN FRG VIEW, TODAY'S COFFEE PRICES ARE FAIR AND THERE IS NO NEED FOR ANY FORM OF MARKET RESTRICTIONS OR QUOTAS. A STANDBY AGREEMENT COULD BE NEGOTIATED WHICH WOULD COME INTO EFFECT ONLY AFTER A TO-BE-DETERMINED MINIMUM PRICE HAD BEEN PASSED. (FRG REP GAVE IMPRESSION HIS IDEA OF "MINIMUM" WOULD BE WELL BELOW PRESENT LEVELS). IN THE MEANTIME, FRG WOULD ACCEPT THE PROPOSITION THAT MAINTAINING PRICES ABOVE THE MINIMUM IS THE RESPONSIBILITY OF THE PRODUCING COUNTRIES WHICH THEY COULD MANAGE THEMSELVES THROUGH RETENTION SCHEMES (I.E., POLICED BY THEIR OWN PRODUCER ORGANIZATION) OR, ALTERNATIVELY, THE ICO COULD MANAGE THROUGH A BUFFER

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 LONDON 00313 091458Z

STOCK OPERATING IN THE FREE MARKET TO SMOOTH OUT PRICE



FLUCTUATIONS.

3. USREP INDICATED THAT WHILE WE HAD PROPOSED A STANDBY ARRANGEMENT IN 1972, WE WERE NOT PURSUING THE IDEA AT PRESENT. RATHER, AS WE HAVE REPEATEDLY STATED, WE ARE WILLING TO CONSIDER THE INITIATIVES OF OTHER MEMBER COUNTRIES, PARTICULARLY PRODUCERS. IF PRODUCERS WANT AN AGREEMENT WITH ECONOMIC PROVISIONS, WE WOULD BE WILLING TO CONSIDER. WE CANNOT ACCEPT INDEXATION AND WE HAVE STRONG RESERVATIONS ABOUT PLACING RESPONSIBILITY FOR PRICE MANAGEMENT SOLELY IN HANDS OF PRODUCERS, EVEN AT TODAY'S PRICES. US CANNOT ENCOURAGE PRODUCER CARTELS.

4. BELGIAN REP STATED HE DOUBTED PRODUCERS WOULD ACCEPT A STANDBY AGREEMENT AND SAID CONSUMER INITIATIVE TO PROPOSE ONE WOULD PROBABLY RESULT IN A POLITICAL CONFRONTATION. HE ALSO OBJECTED TO FRG ACCEPTANCE OF IDE THAT PRODUCERS COULD ORGANIZE AMONG SELVES TO UNILATERALL DETERMINE PRICES.

5. UK REP SAID HMG PREPARED TO GO ALONG WITH AN AGREEMENT WHOSE PURPOSE IS TO DEFEND A MINIMUM PRICE. HOWEVER, UK DOES NOT THINK IT PRACTICAL TO WAIT UNTIL MINIMUM PRICE REACHED BEFORE AGREEMENT GOES INTO ACTION. UK INCLINED TO HAVE QUOTA PROVISIONS OPERATE AT INTERMEDIATE PRICE LEVELS AND BE SUSPENDED ONLY AT UPPER END OF PRICE RANGE. UK CANNOT AGREE TO ANY POSITION WHICH TENDS TO ENCOURAGE PRODUCER CARTELS AS IT BELIEVES GREATER COOPERATION BETWEEN PRODUCERS AND CONSUMERS IS NEEDED.

6. FRENCH REP ALSO REJECTED GERMAN CONCEPT OF STANDBY SAYING POSSIBILITY OF NEW AGREEMENT OFFERS OPPORTUNITY TO AVOID FURTHER COFFEE PRODUCER CARTEL-LIKE ACTIONS.

7. SEVERAL DELEGATES ASKED FRG REP IF HIS CONCEPT OF A STANDBY AGREEMENT RESEMBLED THE PRESENT WORKING OF THE COCOA AGREEMENT. FRG REP RESPONDED AT GREAT LENGTH, BUT MOST DELEGATES INTERPRETED HIS ANSWER AS LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 LONDON 00313 091458Z

AFFIRMATIVE. FRG REP ALSO MADE POINT THAT IF, AS SOME SUSPECT, BRAZIL AND COLOMBIA ARE NOT REALLY READY FOR A NEW ICA, THEY MIGHT FIND THE STANDBY AGREEMENT A SATISFACTORY OUTCOME. FRENCH REP RESPONDED THAT IF PRODUCERS DON'T WANT A FUNCTIONAL AGREEMENT THEY SHOULD TELL US. HE ADDED IT WOULD BE A TACTICAL MISTAKE FOR CONSUMERS TO AVOID DISCUSSING QUOTAS AND MARKET DISTRIBUTION AS THESE ARE OUR BEST WEAPON AGAINST PRODUCER



SOLIDARITY.

SPIERS

LIMITED OFFICIAL USE

NNN



## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** n/a  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 09 JAN 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** MorefiRH  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1975LONDON00313  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D750009-0228  
**From:** LONDON  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1975/newtext/t19750166/aaaacfyf.tel  
**Line Count:** 118  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION EB  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** 75 LONDON 235  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** MorefiRH  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 19 JUN 2003  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <19 JUN 2003 by WorrelSW>; APPROVED <11 SEP 2003 by MorefiRH>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
05 JUL 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** COFFEE: CONSUMER CAUCUS JANUARY 8  
**TAGS:** OCON, UK, ICO  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006